



CPA & CONSULTING  
SERVICES, LLC

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**NEW ORLEANS REGIONAL BUSINESS PARK**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/18/10

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### INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Of New Orleans Regional Business Park  
New Orleans, Louisiana

I have audited the accompanying governmental activities and fund financial statements of New Orleans Regional Business Park, as of and for the year ended December 31, 2009. The governmental activities and fund financial statements are the responsibility of New Orleans Regional Business Park's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the governmental activities and fund financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of New Orleans Regional Business Park as of December 31, 2009, and the changes in financial position of those activities and fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 16, 2010, on my consideration of New Orleans Regional Business Park's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of my audit. Also, that report contained instances of noncompliance, reportable conditions, and material weaknesses.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and page 16 respectively, are not a required part of the accompanying financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion the governmental activities and fund financial statements of New Orleans Regional Business Park.

*Deemer CPA and Consulting Services, LLC*  
June 16, 2010



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## **NEW ORLEANS REGIONAL BUSINESS PARK MANAGEMENT'S DISCUSSION AND ANALYSIS**

The New Orleans Regional Business Park (NORBP), was created by the Louisiana State Legislature. The NORBP manages, develops, and operates a 7,000 acre commercial and industrial park in Eastern New Orleans. The Business Park, post Katrina, is home to approximately 77 businesses generating billions of dollars of annual sales, employing thousands of residents from the New Orleans region and producing millions of dollars of tax revenue for the City of New Orleans. NORBP also provides assistance to new and existing businesses to help them expand operations, train and improve the skills of existing employees, explore upstream and down stream marketing opportunities and seek other resources all in an effort to enhance the value of the capital investment our businesses have made in their operations here in the Business Park. NORBP's operations are principally funded through a millage on properties located within the defined boundaries of the Park and from warehouse and office space rental income from tenants in the Park's Enterprise Center. These revenues also support the various programs of the NORBP which include business retention/expansion, marketing outreach, business development, Enterprise Center maintenance and more.

### **FINANCIAL HIGHLIGHTS**

NORBP receives 20.86 mills of Ad Valorem Taxes, collected by the City of New Orleans assessed on the value of commercial properties in the defined area of the Park (\$209 on every \$1,000 of property value). In addition, NORBP generates rent through collections from tenants that occupy NORBP's building at 13801 Old Gentilly Road.

The NORBP employs the services of a Certified Public Accountant consulting firm to produce monthly financial statements associated with the daily operations of the Park. In addition, the NORBP employs the services of Deemer CPA and Consulting Services, LLC to produce the agency's annual audit.

NORBP operations are also monitored by a Finance Committee composed of members of its Board of Commissioners. This committee meets monthly to review the Park's operations and the monthly CPA prepared financial statements. At these meetings the NORBP President discusses the daily operations of the Park and all relevant matters, financial and non-financial,

that may have relevance to the organization's financial operations. The NORBP Board of Commissioners at its once monthly meeting is presented with results of the Finance Committee's analysis of the finances.

The NORBP's 2009 general operations budget began the year with a budget projection of \$716,550 in budgeted revenues with associated expenses of \$762,002.

#### COMPARATIVE ANALYSIS

Between January and December 2009, the City of New Orleans billed Ad Valorem Taxes of \$240,000. However, tax payments this agency collected from the City totaled \$221,869.

NORBP received two Grants from the Environmental Protection Agency totaling the amount of \$400,000. These grants were the result of an RFP response to the EPA written by staff and designed to perform site assessments of Brownfields containing petroleum and hazardous materials. The EPA Grants give NORBP additional resources with which to attract, retain and expand businesses located in the Park.

#### OVERALL FINANCIAL POSITION

Management observed that the financial position of the organization showed a slight decrease in annual revenues from 2008 to 2009. At the start of 2009, NORBP's Unrestricted Net Assets totaled \$170,489. By the end of 2009, the Unrestricted Net Assets totaled \$143,839 and the Total Fund Balance totaled \$5,368,214.

#### Balances and Transactions:

The NORBP began 2009 with an actual cash balance of \$138,429 in various accounts at financial institutions. NORBP ended the year with an actual cash balance of \$159,315 in these accounts. There is no true significant difference.

#### SIGNIFICANT BUDGET VARIANCES

The 2009 operational year was marked by the timing of Ad Valorem taxes collected by the City of New Orleans and remittance to NORBP. There were significant budget variations in 2009, due to millage tax adjustments. NORBP adjusts its budget at least quarterly in anticipation of changing tax collections and remittance by the City of New Orleans and operational expenditures.

#### CAPITAL ASSET AND LONG TERM DEBT ACTIVITY

During 2009 there were no significant changes in capital asset levels. NORBP incurred no increases in long term debt and will continue to operate without the use of borrowed funds.

#### MAINTENANCE EXPENSES FOR INFRASTRUCTURE ASSETS

The NORBP owns a building at 13801 Old Gentilly Road. This building and the land on which it sits is valued at approximately \$3.2 million. The building is occupied by one warehouse tenant that utilizes approximately 90,617 square feet, and by one other office area tenant that occupies approximately 5,412 square feet. The maintenance budget is adjusted, occasionally, due to unexpected expenditures. NORBP has performed various repairs on the building using grants from the State of Louisiana. The revenues are booked under "Enterprise Center Rent" and the expenses are under "Building Maintenance and Repairs".

#### CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The New Orleans Regional Business Park receives two sources of revenues-an Ad Valorem tax millage and rent from its building. The millage collected from the tax assessment on commercial property remains in effect through 2011.

NORBP's administration continues to implement strategies that seek other revenue sources, programs and activities that can augment, support and expand NORBP programs. NORBP, administratively and operationally, will continue to seek more independence relative to its funding sources.

NORBP constantly markets its land and building assets to insure that the organization maximizes the value of its resources. To that end NORBP will, shortly, commence a well defined marketing and retention campaign with matching grant dollars expected from Louisiana Economic Development.

NORBP's Business Assistance Center (BAC) is an additional level of services that are provided to businesses inside and outside the boundaries of the Park. The BAC provides businesses with access to valuable information and services designed to address specific business needs such as: business plan development, strategic planning, entrepreneurial training, bid preparation, and a variety of other programs and seminars.

NORBP will continue to work closely with the City's Treasury Department to secure the millage for the Park's financial future. NORBP continues to have a high degree of interest in all recovery efforts in the New Orleans region.



Nakisha Ervin-Knott  
Chairman

New Orleans Regional Business Park

**New Orleans Regional Business Park  
Statement of Net Assets  
As of December 31, 2009**

	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
Current	
Cash	\$ 159,315
Receivables	45,224
Prepaid Insurance	<u>11,054</u>
<b>Total Current Assets</b>	<b>215,593</b>
Capital Assets	
Land, Improvements and Construction In Progress	1,053,618
Other Capital Assets, Net of Depreciation	<u>4,144,108</u>
<b>Total Capital Assets, Net</b>	<b><u>5,197,726</u></b>
<b>Total Assets</b>	<b><u>\$ 5,413,319</u></b>
<b><u>Liabilities</u></b>	
Accounts Payable	\$ 25,784
Deferred Grant Revenue	55,515
Lease Deposits	<u>34,305</u>
<b>Total Current Liabilities</b>	<b><u>\$ 115,604</u></b>
<b><u>Net Assets</u></b>	
Investment in general fixed assets	\$ 5,197,726
Net Assets-Unrestricted	<u>99,989</u>
<b>Total Net Assets</b>	<b><u>\$ 5,297,715</u></b>

The accompanying notes are an integral part of these financial statements.



**New Orleans Regional Business Park  
Statement Of Activities  
For The Year Ended December 31, 2009**

**Governmental Activities:**

Functions/ Programs	Expenses	Program Revenues		Net (Expenses) Revenue and changes in Net Assets
		Charges for Services	Operating Grants	
Enterprise Park	\$ -	\$ -	\$ -	\$ -
Sanitation	17,480	-	-	(17,480)
Business Assistance	72,780	-	75,225	2,445
Environmental Protection	62,587	-	39,200	(23,387)
Administration	449,445	-	-	(449,445)
Total	\$ 602,292	\$ -	114,425	\$ (487,867)
General revenues				
Property Taxes				221,869
Rental Income				300,089
Other Income				58,246
Total General revenues				\$ 580,204
Change in Net Assets				\$ 92,337
Net assets				
Beginning of year				5,205,378
End of year				\$ 5,297,715

The accompanying notes are an integral part of these financial statements.

**New Orleans Regional Business Park  
Balance Sheet  
Governmental Fund Type  
As of December 31, 2009**

**Assets**

Cash	\$ 159,315
Receivables	45,224
Prepaid Insurance	<u>11,054</u>
<b>Total Assets</b>	<b><u>\$ 215,593</u></b>

**Liabilities and Fund Balance**

Accounts Payable	\$ 25,784
Deferred Grant Revenue	55,515
Lease Deposits	<u>34,305</u>
<b>Total Current Liabilities</b>	<b>\$ 115,604</b>

**Fund Balance**

Unreserved	99,989
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Amounts reported for governmental activities,  
in the Statement of Net Assets are different  
because:

Capital assets used in governmental activities are not financial resources therefore are not reported in the governmental fund at the fund level	<u>5,197,726</u>
<b>Net Assets</b>	<b><u>\$ 5,297,715</u></b>

The accompanying notes are an integral part of these financial statements.

**New Orleans Regional Business Park  
Statement Of Revenues, Expenditures, & Changes in Fund Balance  
Governmental Fund  
For The Year Ended December 31, 2009**

**Revenue**

Property Taxes	\$ 221,869
Grants	114,425
Rental Income	300,089
Other Income	<u>58,246</u>

<b>Total Revenue</b>	<b>\$ 694,629</b>
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**Expenditures**

Salaries	212,635
Payroll Taxes	15,791
Employee Insurance	12,725
Insurance	50,758
Marketing	11,403
Dues & Subscriptions	610
Postage	873
Professional Services	244,566
Telephone	15,249
Office Supplies	6,354
Travel and meetings	1,200
Office Equipment	7,055
Sanitation	17,480
Utilities	95,825
Bad Debt	5,236
Repairs & Maintenance	<u>40,719</u>

<b>Total Expenses</b>	<b>\$ 738,479</b>
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<b>Excess of revenues over expenditures</b>	<b>(43,850)</b>
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<b>Fund balance at beginning of year</b>	<b><u>143,839</u></b>
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<b>Fund balance at end of year</b>	<b><u>\$ 99,989</u></b>
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The accompanying notes are an integral part of these financial statements.

**New Orleans Regional Business Park  
Reconciliation of the Statement of Revenue, Expenditures, and Changes  
In Fund Balance of Governmental Fund to the Statement of Activities  
For The Year Ended December 31, 2009**

Total Net Changes in fund balance at December 31, 2009 per Statement of Revenue, Expenditures and Changes in Fund Balance	\$ (43,850)
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The Changes in Net Assets reported for the governmental  
activities in the Statement of Activities is different because:

Government funds report capital outlays as expenditures.  
However, in the Statement of Activities, the cost of those  
assets is allocated over their estimated useful lives as depreciation  
expense. This is the amount by which depreciation did not exceed  
net capital outlays in the current period.

136,187
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Total changes in net assets of governmental activities at December 31, 2009
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\$ 92,337
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The accompanying notes are an integral part of these financial statements.

**NEW ORLEANS REGIONAL BUSINESS PARK  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - Organization and Summary of Significant Accounting Policies:**

**General**

The New Orleans Regional Business Park (NORBP) is a 7,000 acre Louisiana Enterprise Zone created by the Louisiana Legislature to attract new business and industry through incentives such as sales, use and property tax benefits. NORBP also encompasses a 92-acre Foreign Trade Zone which provides additional savings on duty fees.

In 1992, a special project referred to as the "Enterprise Center" (the Center) was initiated in an effort to promote economic growth in the City of New Orleans, by promoting business and industrial development in the district. The Center includes the following components designed to improve the development environment in New Orleans East:

- Industrial/service based incubator;
- Advanced technology institute; and
- College extension programs.

NORBP is used to account for the operations of the district. Its financing sources are derived principally from the proceeds of 20.86 mills, or \$209 per \$100,000 of assessed value, which is levied on all property within the district for the purpose of constructing roads, sewerage, drainage, water supply systems and other infrastructure improvements to facilitate industrial development.

The Board of Commissioners is composed of twelve (12) members who are appointed by various organizations and public officials and serve without compensation.

The accounting policies of NORBP conform to accounting policies generally accepted in the United States of America, as applicable to governmental agencies. The following is a summary of the more significant accounting policies:

**NEW ORLEANS REGIONAL BUSINESS PARK  
NOTES TO THE FINANCIAL STATEMENTS**

(CONTINUED)

**NOTE 1 - Organization and Summary of Significant Accounting Policies:**

**Financial Reporting Entity**

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity" established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for the financial reporting entity is the primary government, which is considered to be any state government or local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

NORBP was established as a separate legal entity with a governing Board which is separated and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that NORBP is a financial reporting entity within the meaning of the provisions of GASB 14.

**Basis of Presentation**

As required by Louisiana State Reporting Law (R.S. 24:514), the Authority's financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Specifically, the accounts of NORBP are accounted for under the general fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and applied to government units.

The term basis of accounting is used to determine when a transaction or event is recognized on NORBP's operating statement. NORBP used the modified accrual basis of accounting. Under this basis, revenues are recorded when measurable and available, and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows.

**NEW ORLEANS REGIONAL BUSINESS PARK  
NOTES TO THE FINANCIAL STATEMENTS**

(CONTINUED)

**NOTE 1 - Organization and Summary of Significant Accounting Policies:**

**Capital Assets**

Capital assets are recorded at cost or estimated costs. Donated assets are valued at estimated fair value at time of receipt. When no historical records are available, capital assets are valued at estimated historical costs. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that add to the value of an asset or materially extend the asset's life are capitalized.

Capital assets are depreciated by NORBP using the following estimated useful lives.

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	40
Building improvements	20
Equipment	3-7

Depreciation is computed using the straight-line method.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

**NEW ORLEANS REGIONAL BUSINESS PARK  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2     Receivables:**

Grants receivable as of December 31, 2009, consisted of funds due to the organization from Louisiana Economic Development in the amount of \$22,829. The balance of \$22,395 is associated with various other receivables ie. rent etc.

**NOTE 3     Prepaid Items:**

Prepaid items at December 31, 2009, consisted of prepaid insurance of \$11,054.

**NOTE 4     Capital Assets, net**

December 31, 2009

	BEGINNING BALANCE	ADDITION	RETIREMENT	OTHER	TOTAL
LAND AND LAND IMPROVEMENTS	1,053,618	0	0	0	1,053,618
BUILDING AND BUILDING IMPROVEMENTS	3,202,347	435,000	0	0	3,637,347
ELECTRICAL SUBSTATION	1,340,188	0	0	0	1,340,188
FURNITURE AND EQUIPMENT	<u>36,573</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,573</u>
	5,632,726	0	0	0	6,067,726
LESS ACCUMULATED DEPRECIATION	<u>-571,187</u>	<u>-298,813</u>	<u>0</u>	<u>0</u>	<u>-870,000</u>
TOTAL	<u>5,061,539</u>	<u>136,187</u>	<u>0</u>	<u>0</u>	<u>5,197,726</u>



**NEW ORLEANS REGIONAL BUSINESS PARK**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**NOTE 5 - Cash and Cash Equivalents:**

At December 31, 2009, NORBP's bank balance was \$159,314. The entire amount was cash in banks covered by federal depository insurance.

**NOTE 6 - Deferred Grant Revenue:**

At December 31, 2009, NORBP received 22,500 from a local granting agency on a cost reimbursement basis. However, the organization could not provide a listing of expenses associated with this grant. The funds are being recorded as unearned.

Additionally, the agency made a drawdown of approximately \$58,000 of grant funds from the EPA without supporting documentation for which the grantor is requesting a reallocation of the expenses or repayment of the funds. Management is currently working on the reallocation plan and also has estimated a receivable from the same agency in the amount of \$24,985 on other allowable expenses. The net amount of \$33,015 is recorded as unearned.

**NOTE 7 - Contingencies:**

NORBP reached a settlement agreement with a local construction company on December 11, 2009 in the amount of \$126,624.86. According to that agreement, upon completion of work by the construction company, and approval by the NORBP, the State of Louisiana will make full payment for the work completed. Therefore, no provision has been made in the financial statements for any liability pertaining to this settlement.

## **SUPPLEMENTARY INFORMATION**

**New Orleans Regional Business Park**  
**Statement Of Revenues, Expenditures, & Changes in Fund Balance**  
**Budget (GAAP BASIS) and Actual**  
**For The Year Ended December 31, 2009**

			Variance Favorable/ (Unfavorable)
<b>Revenue</b>	<b>Actual</b>	<b>Budget</b>	
Property Tax	\$ 221,859	\$ 218,305	\$ 3,554
Grants:			
Economic Development Fund	0	12,500	(12,500)
Business Assistance Center	74,925	70,000	4,925
Environmental Protection	39,200	34,122	5,078
Marketing Match	0	30,000	(30,000)
Economic Development	300	300	0
Rental Income	300,089	295,082	5,007
Utilities Reimbursement	33,444	31,645	1,799
Interest	45	58	(13)
Other Income	24,757	24,538	219
<b>Total Revenue</b>	<b>\$ 694,629</b>	<b>\$ 716,550</b>	<b>\$ (21,921)</b>
<b>Expenditures</b>			
Salary-Building Engineer	46,341	44,622	(1,719)
Salary-Office	166,294	175,000	8,706
Payroll Taxes-Office	12,246	14,781	2,535
Group Hospitalization	12,725	15,725	3,000
Payroll Taxes-Bld. Engineer	3,545	3,601	56
Insurance-Liability/Property	48,113	47,436	(677)
Insurance-Director & Officers	2,645	2,645	0
Marketing	11,404	74,035	62,631
Dues & Subscriptions	610	450	(160)
Postage	873	732	(141)
Professional Services	179,606	161,379	(18,227)
Telephone	15,249	14,438	(811)
Office Supplies & Material	6,354	3,368	(2,986)
Travel and Meetings	1,200	2,504	1,304
Office Equipment	7,055	5,278	(1,777)
Legal	36,575	27,983	(8,592)
Accounting/Audit	28,384	29,280	896
Sanitation	17,480	17,700	220
Miscellaneous	0	47	47
Utilities	95,825	85,225	(10,600)
Bad Debt	5,236	0	(5,236)
Repairs & Maintenance	40,719	35,773	(4,946)
<b>Total Expenses</b>	<b>\$ 738,479</b>	<b>\$ 762,002</b>	<b>\$ 23,523</b>
<b>Excess of revenues over expenditures</b>	<b>(43,850)</b>	<b>(45,452)</b>	<b>1,602</b>
Fund Balance-Beginning of Year	143,839	261,382	(117,543)
Fund Balance-End of Year	<u>\$ 99,989</u>	<u>\$ 215,930</u>	<u>\$ (115,941)</u>



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SERVICES, LLC

BRENDEL W. DEEMER, CPA  
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
**New Orleans Regional Business Park**  
New Orleans, Louisiana

I have audited the financial statements of New Orleans Regional Business Park (NORBP) as of and for the year ended December 31, 2009, and have issued my report thereon dated June 16, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered NORBP's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NORBP's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of NORBP's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

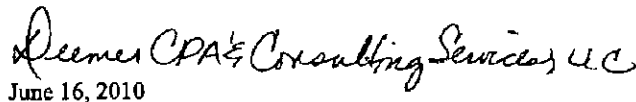
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses. They are identified as Finding 09.1 through 09.7 as listed in the schedule of findings and questioned costs.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether NORBP's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 09.1 through 09.7.

This report is intended solely for the information and use of management, NORBP Board of Commissioners, others within the entity, the State of Louisiana Legislative Auditor, federal awarding agencies and federal flow through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
June 16, 2010

**NEW ORLEANS REGIONAL BUSINESS PARK**  
**Schedule of Findings and Questioned Costs**  
**For the year ended December 31, 2009**

**09.1 Fund Accounting Not Fully Implemented**

**Criteria:**

The New Orleans Regional Business Park receives funding from various federal, state, and local governmental agencies. The agency is therefore required to use fund accounting.

**Condition:**

It was noted that a separate classes of expenses was utilized for only three of four different grants.

**Cause:**

Ineffective internal controls at the NORBP and a lack of communication regarding the recording of expenditures is apparent.

**Effect:**

The failure to properly utilize the expense classes/fund accounting has led to an inability to report particular expenses to the individual funding sources.

**Recommendation:**

NORBP must implement proper accounting procedures and controls to record grant expenditures.

## **09.2 Contract Payments In Excess of Contract Amount**

### **Criteria:**

The New Orleans Regional Business Park entered into a contract agreement with a consultant at a certain price.

### **Condition:**

It was noted that the contractor was paid in excess of the amount stated in the contract.

### **Cause:**

Ineffective internal controls at the NORBP allowed for contract payments to exceed stated contract amount.

### **Effect:**

Contract payments were made in excess of the stated contract amount.

### **Recommendation:**

NORBP must implement proper internal controls to remain within the terms of contract agreements and/or to document contract amendments.

### **09.3 Incomplete Travel Records**

**Questioned Costs: \$1,200.42**

**Criteria:**

The New Orleans Regional Business Park has certain travel logs that do not support the amounts disbursed to employees for travel reimbursement.

**Condition:**

It was noted that employees would utilize travel forms to state the purpose of travel and the number of miles requiring reimbursement but they did not report the locations traveled to and from. It was also noted that certain miles indicated are excessive compared to the suspected meeting location.

**Cause:**

Ineffective internal controls at the NORBP allowed for travel reimbursements without appropriate documentation.

**Effect:**

Certain travel reimbursements are unsupported.

**Recommendation:**

NORBP must implement proper internal controls related to travel reimbursement.



#### **09.4 Related Party Transaction**

**Questioned Costs: \$2,000**

**Criteria:**

The New Orleans Regional Business Park's President provided contract services to NORBP while employed at the organization.

**Condition:**

It was noted that a contracted services payment was made to a consulting company owned by NORBP's President. There was no supporting documentation on file to evidence the services provided.

**Cause:**

Ineffective internal controls at the NORBP allowed for contract payments to be made to an employee without proper approval by the Board of Commissioners and without evidence of services provided.

**Effect:**

Certain contract payments may have been inappropriate.

**Recommendation:**

NORBP must implement proper internal controls related to contract payments.

#### **09.5 EPA Makes Request of Grant Repayment**

**Questioned Costs: \$58,000**

**Criteria:**

The New Orleans Regional Business Park has been requested to reallocate approximately \$58,000 of expenses associated with a drawdown from the EPA grant for certain unsupported personnel costs.

**Condition:**

It was noted that the EPA requested a reallocation of costs via email from the NORBP.

**Cause:**

Ineffective internal controls at the NORBP allowed for "poor grant management" according to the EPA.

**Effect:**

Certain grant funds must be reallocated to approved line items if possible or reimbursed to the federal grantor.

**Recommendation:**

NORBP must implement proper internal controls and procedures related to grant management.

**09.6 Undocumented Client Services**

**Questioned Costs: \$72,780**

**Criteria:**

The New Orleans Regional Business Park had a grant to provide specific business assistance to eligible clients.

**Condition:**

It was noted in the grant agreement that certain documentation must be maintained.

**Cause:**

Documentation required by the grant agreement was not on file.

**Effect:**

It was indeterminable as to whether or not the goals and scope of services as detailed in the grant agreement were met.

**Recommendation:**

NORBP must maintain appropriate files to document the accomplishments of grant programs.

**09.7     Unsupported Grant Reimbursements-Economic Development Fund**

**Questioned Costs: \$22,500**

**Criteria:**

The New Orleans Regional Business Park had a cost reimbursement grant to provide Economic Development services.

**Condition:**

The organization could not provide support for the reimbursement requests made under this grant agreement nor could they provide a detail of expenditures associated with this grant.

**Cause:**

Documentation required by the grant was not on file.

**Effect:**

It was indeterminable as to whether or not the goals and scope of services as detailed in the grant agreement were met.

**Recommendation:**

NORBP must maintain appropriate files to document the expenditures and reimbursement requests associated with each of its' grant programs.

**NEW ORLEANS REGIONAL BUSINESS PARK**  
**Update of Prior Year Findings and Questioned Costs**  
**For the year ended December 31, 2009**

*There were no prior year findings and questioned costs.*



June 30, 2010

Brendel W. Deemer, CPA  
Deemer CPA & Consulting Services  
P O Box 870847  
New Orleans, LA 70187

Re: **MANAGEMENT'S REPLY TO "SCHEDULE OF FINDINGS AND QUESTIONED COSTS"**

Dear Ms. Deemer:

We are in receipt of your "Schedule of Findings and Questioned Costs" which resulted from your audit of our organization for the year ended December 31, 2009. The below represents our formal reply to those items:

09.1 Fund Accounting Not Fully Implemented

In March 2010, NORBP established a separate class of expenses (i.e. a fund accounting methodology) for all of its grants.

09.2 Contract Payments in Excess of Contract Amount

Internal controls are now in place at NORBP which will prevent contract payments from exceeding stated contract amounts. Specifically, our accountant will monitor all payments to contractors to ascertain that they do not exceed contract amounts prior to the disbursement to the contractor.

09.3 Incomplete Travel Records

NORBP will review all travel reimbursements requests to ensure that they also indicate the locations traveled to and from and that the reported mileage appears reasonable. This review will be conducted by our accountant prior to the disbursement of travel reimbursement costs.

09.4 Related Party Transaction

Henceforth, per the Louisiana Ethics Code, NORBP will not engage any employee to render contractual services.

09.5 EPA Makes Request of Grant Repayment

Henceforth, NORBP will carefully review all expenses which it expects to result in a cost reimbursement request to ascertain that the cost meets the grantor's reimbursable cost guidelines.

09.6 Undocumented Client Services

Henceforth, NORBP will ensure that the maintenance of all documentation evidencing compliance with the goals and scope of services as required by grant agreements is a priority component of NORBP's grant management function.

09.7 Unsupported Grant Reimbursements- Economic Development Fund

Henceforth, NORBP will maintain supporting documentation of exactly what expenditures are associated with each of its grant programs.